1. *A* and *B* are partners sharing Profit and Loss in the ratio of 3 : 2 having Capital Account balances of ₹ 50,000 and ₹ 40,000 on 1st April, 2022. On 1st July, 2022, *A* introduced ₹ 10,000 as his additional capital whereas *B* introduced only ₹ 1,000. Interest on capital is allowed to partners @ 10% p.a.

Calculate interest on capital for the financial year ended 31st March, 2023.

[**Ans.:** *Total Interest Payable: A—₹ 5,750; B—₹ 4,075.*]

2. Ram and Mohan are partners in a business. Their capitals at the end of the year were ₹ 24,000 and ₹ 18,000 respectively. During the year, Ram's drawings and Mohan's drawings were ₹ 4,000 and ₹ 6,000 respectively. Profit (before charging interest on capital) during the year was ₹ 16,000. Calculate interest on capital @ 5% p.a. for the year ended 31st March, 2023.

[**Ans.:** *Interest on Capital: Ram—₹ 1,000; Mohan—₹ 800.*]

3. Pranshu and Himanshu are partners sharing profits and losses in the ratio of 3 : 2 respectively. They admit Anshu as partner with 1/6 share in the profits of the firm. Pranshu personally guaranteed that Anshu's share of profit would not be less than ₹ 30,000 in any year. The net profit of the firm for the year ending 31st March, 2013 was ₹ 90,000.

Prepare Profit & Loss Appropriation Account. *(AI 2014 C)*

[**Ans.:** *Deficiency to be borne by Pranshu—₹ 15,000; Share of Profit: Pranshu—₹ 30,000; Himanshu—₹ 30,000; and Anshu—₹ 30,000; New Ratio = 3 : 2 : 1.*]

4. Ankur and Bobby were into the business of providing software solutions in India. They were sharing profits and losses in the ratio 3 : 2. They admitted Rohit for a 1/5 share in the firm. Rohit, an alumni of IIT, Chennai would help them to expand their business to various South African countries where he had been working earlier. Rohit is guaranteed a minimum profit of ₹ 2,00,000 for the year. Any deficiency in Rohit's share is to be borne by Ankur and Bobby in the ratio 4 : 1. Loss for the year was ₹ 10,00,000. Pass the necessary Journal entries. (*CBSE Sample Paper 2015*)

[**Ans.:** *For Distribution of Loss: Dr. Ankur's Capital A/c by ₹ 4,80,000; Bobby's Capital A/c by ₹ 3,20,000; and Rohit's Capital A/c by ₹ 2,00,000; and Cr. Profit & Loss A/c by ₹ 10,00,000.*

For Meeting the Deficiency: Dr. Ankur's Capital A/c by ₹ 3,20,000; and Bobby's Capital A/c by ₹ 80,000 and Cr. Rohit's Capital A/c by ₹ 4,00,000.]

5. Anita, Bimla and Cherry are three partners. On 1st April, 2022, their Capitals stood as: Anita ₹ 1,00,000, Bimla ₹ 2,00,000 and Cherry ₹ 3,00,000. It was decided that:

(a) they would receive interest on Capitals @ 5% p.a.,

(b) Anita would get a salary of ₹ 5,000 per month,

(c) Bimla would receive commission @ 5% of net profit after deduction of commission, and

(d) 10% of the divisible profit would be transferred to the General Reserve.

Before the above items were taken into account, the profit for the year ended 31st March, 2023 was ₹ 5,00,000. Prepare Profit & Loss Appropriation Account and the Capital Accounts of the Partners.

[**Ans.:** *Divisible Profit—₹ 3,86,190; Commission (Bimla)—₹ 23,810; General Reserve—₹ 38,619; Share of Profit: Anita—₹ 1,15,857; Bimla—₹ 1,15,857, Cherry—₹ 1,15,857; Closing Balances of Capital A/cs: Anita—₹ 2,80,857; Bimla—₹ 3,49,667; Cherry—₹ 4,30,857.*]

6. *A*, *B* and *C* were partners. Their capitals were *A*—₹ 30,000; *B*—₹ 20,000 and *C*—₹ 10,000 respectively. According to the Partnership Deed, they were entitled to an interest on capital @ 5% p.a. In addition, *B* was also entitled to draw a salary of ₹ 500 per month. *C* was entitled to a commission of 5% on the profits after charging the interest on capital, but before charging the salary payable to *B*. The net profit for the year were ₹ 30,000 distributed in the ratio of capitals without providing for any of the above adjustments. The profits were to be shared in the ratio of 5 : 3 : 2.

Pass necessary adjustment entry showing the workings clearly.

[**Ans.:** *Debit A's Current A/c by ₹ 3,675; Credit B's Current A/c by ₹ 2,895 and C's Current A/c by ₹ 780.*]

[**Hint:** It is assumed that Capitals are fixed.]

7. Gian, Rajat and Bishan are partners sharing profits equally. Gian drew regularly ₹ 10,000 in the beginning of every month for six months ended 30th September, 2022. Rajat drew regularly ₹ 10,000 at the end of every month for six months ended 30th September, 2022. Bishan drew regularly ₹ 10,000 in the middle of every month for six months ended 30th September, 2022. Calculate interest on drawings @ 5% p.a. for the year ended 31st March, 2023.

[**Ans.:** *Interest on Drawings: (i) Gian—₹ 2,375; (ii) Rajat—₹ 2,125; (iii) Bishan—₹ 2,250.*]

8. Prem and Manoj are partners in a firm sharing profits in the ratio of 3 : 2. The Partnership Deed provided that Prem was to be paid salary of ₹ 2,500 per month and Manoj was to get a commission of ₹ 10,000 per year. Interest on capital was to be allowed @ 5% p.a. and interest on drawings was to be charged @ 6% p.a. Interest on Prem's drawings was ₹ 1,250 and on Manoj's drawings was ₹ 425. Interest on Capitals of the partners were ₹ 10,000 and ₹ 7,500 respectively. The firm's net profit for the year ended 31st March, 2023 was ₹ 90,575.

Prepare Profit & Loss Appropriation Account of the firm.

[**Ans.:** *Divisible Profit—₹ 34,750; Share of Profit: Prem—₹ 20,850; Manoj—₹ 13,900.*]

9. Kanika and Gautam are partners doing a dry cleaning business in Lucknow, sharing profits in the ratio 2 : 1 with capitals ₹ 5,00,000 and ₹ 4,00,000 respectively. Kanika withdrew the following amounts during the year to pay the hostel expenses of her son:

1st April	₹ 10,000
1st June	₹ 9,000
1st November	₹ 14,000
1st December	₹ 5,000

Gautam withdrew ₹ 15,000 on the first day of April, July, October and January to pay rent for the accommodation of his family. He also paid ₹ 20,000 per month as rent for the office of partnership which was in a nearby shopping complex.

Calculate interest on drawings @ 6% p.a. *(CBSE Sample Paper 2015)*

[**Ans.:** *Interest on Drawings: Kanika—₹ 1,500; Gautam—₹ 2,250.*]

10. *C* and *D* are partners in a firm; *C* has contributed ₹ 1,00,000 and *D* ₹ 60,000 as capitals. Interest is payable @ 6% p.a. and *D* is entitled to salary of ₹ 3,000 per month. In the year ended 31st March, 2023, the profit was ₹ 80,000 before interest and salary.

Prepare Profit & Loss Appropriation Account.

[**Ans.:** *Sharing Profit : C: ₹ 17,200 and D—₹ 17,200.*
C will get ₹ 23,200 and D—₹ 56,800.]

11. Aan and Ban are partners sharing profits in the ratio of 3 : 2 with capitals of ₹ 50,000 and ₹ 30,000 respectively. Interest on capital is agreed @ 6% p.a. Ban is to be allowed an annual salary of ₹ 2,500. A provision of 5% of net profit is to be made in respect of Manager's Commission and rent of ₹ 24,000 is to be accounted being payable to Aan. Profit for the year before manager's commission and rent to Aan was ₹ 39,000.

Prepare Profit & Loss Appropriation account and the Partners' Capital Accounts.

[**Ans.:** *Share of Profit: Aan—₹ 4,170 and Ban—₹ 2,780; Balances of Capital A/cs: Aan—₹ 57,170 and Ban—₹ 37,080.*]

[**Hint:** Manager's Commission and rent are charges against profit. Hence, they will be transferred to Profit & Loss Account to determine Net Profit before appropriations (such as partner's salary, interest on capital).

Dr. PROFIT & LOSS ACCOUNT *for the year ended ...* *Cr.*

Particulars	₹	Particulars	₹
To Rent A/c	24,000	By Profit (given)	39,000
To Manager's Commission A/c (5/100 × ₹ 15,000)	750		
To Net Profit trfd. to P & L App. A/c	14,250		
	39,000		39,000

]

12. Anshul and Asha are partners sharing profits and losses in the ratio of 3 : 2. Anshul being a non-working partner contributed ₹ 8,00,000 as her capital. Asha being a working partner did not contribute capital. The Partnership Deed provides for interest on capital @ 5% and salary to every working partner @ ₹ 2,000 per month. Net profit (before providing for interest on capital and partner's salary) for the year ended 31st March, 2023 was ₹ 32,000.

Show distribution of profits.

[**Ans.:** *Interest on Anshul's Capital—₹ 20,000; Salary to Asha—₹ 12,000.*]

[**Hint:** Since, both interest on capital and salary to partner are appropriations and net profit is less than the amount of appropriations to be made, net profit has been distributed in the ratio of appropriations to be made, *i.e.*, ₹ 40,000 (interest on Anshul's capital): ₹ 24,000 (Asha's salary) or 5 : 3.]

13. *A*, *B* and *C* are partners in a firm. Net profit of the firm for the year ended 31st March, 2023 is ₹ 30,000, which has been duly distributed among the partners in their agreed ratio of 3 : 1 : 1. It is noticed on 10th April, 2023 that the undermentioned transactions were not passed through the books of account of the firm for the year ended 31st March, 2023.

(a) Interest on Capital @ 6% per annum, the capital of *A*, *B* and *C* being ₹ 50,000; ₹ 40,000 and ₹ 30,000 respectively.

(b) Interest on drawings: *A* ₹ 350; *B* ₹ 250; *C* ₹ 150.

(c) Partners' Salaries: *A* ₹ 5,000; *B* ₹ 7,500.

(d) Commission due to *A* (for some special transaction) ₹ 3,000.

You are required to pass a Journal entry, which will not affect Profit & Loss Account of the firm and rectify the position of partners inter se.

[**Ans.:** *Dr. A's Capital A/c—₹ 2,520 and C's Capital A/c—₹ 2,740; Cr. B's Capital A/c—₹ 5,260.*]

14. Vikas and Vivek were partners in a firm sharing profits in the ratio of 3 : 2. On 1st April, 2022, they admitted Vandana as a new partner for 1/8th share in the profits with a guaranteed profit of ₹ 1,50,000. New profit-sharing ratio between Vikas and Vivek will remain same but they decided to bear any deficiency on account of guarantee to Vandana in the ratio 3 : 2. Profit of the firm for the year ended 31st March, 2023 was ₹ 9,00,000.

Prepare Profit & Loss Appropriation Account of Vikas, Vivek and Vandana for the year ended 31st March, 2023.

[**Ans.:** *Deficiency of Vandana—₹ 37,500 borne by Vikas—₹ 22,500 and Vivek—₹ 15,000. Share of Profit: Vikas—₹ 4,50,000; Vivek—₹ 3,00,000; Vandana—₹ 1,50,000.*]

15. *A*, *B* and *C* are partners sharing profits and losses in the ratio of *A* 1/2, *B* 3/10, *C* 1/5 after providing for interest @ 5% on their respective capitals, *viz.*, *A* ₹ 50,000; *B* ₹ 30,000 and *C* ₹ 20,000 and allowing *B* and *C* salary of ₹ 5,000 each per annum. During the year ended 31st March, 2023, *A* has drawn ₹ 10,000 and *B* and *C* in addition to their salaries have drawn ₹ 2,500 and ₹ 1,000 respectively. Profit & Loss Account for the year ended 31st March, 2023 showed net profit of ₹ 45,000. On 1st April, 2022, the balances in the Current Accounts of the partners were *A* (Cr.) ₹ 4,500; *B* (Cr.) ₹ 1,500 and *C* (Cr.) ₹ 1,000. Interest is not charged on Drawings and allowed on Current Account balances. Show Partners' Capital and Current Accounts as at 31st March, 2023 after division of profits in accordance with the partnership agreement.

[**Ans.:** *Share of Profit: A—₹ 15,000; B—₹ 9,000; C—₹ 6,000;*
Balances of Current A/cs: A (Cr.)—₹ 12,000; B (Cr.)—₹ 9,500; C (Cr.)—₹ 7,000.]

16. The firm of Harry, Porter and Ali, who have been sharing profits in the ratio of 2 : 2 : 1, have existed for some years. Ali wants that he should get equal share in the profits with Harry and Porter and he further wishes that the change in the profit-sharing ratio should come into effect retrospectively for the three years. Harry and Porter have agreed to it. Profits for the last three years ended 31st March, were:

Year ended 31st March,	2021	2022	2023
Profit (₹)	2,20,000	2,40,000	2,90,000

Show adjustment of profits by means of an adjustment Journal entry. (*NCERT, Modified*)

[**Ans.:** *Debit Harry by ₹ 50,000 and Porter by ₹ 50,000; Credit Ali by ₹ 1,00,000.*]

17. *A*, *B* and *C* are partners in a firm sharing profits in the ratio of 3 : 2 : 1. They earned profit of ₹ 30,000 during the year ended 31st March, 2023. Distribute profit among *A*, *B* and *C* if:

(a) *C*'s share of profit is guaranteed to be ₹ 6,000 minimum.

(b) Minimum profit payable to *C* amounting to ₹ 6,000 is guaranteed by *A*.

(c) Guaranteed minimum profit of ₹ 6,000 payable to *C* is guaranteed by *B*.

(d) Any deficiency after making payment of guaranteed ₹ 6,000 will be borne by *A* and *B* in the ratio of 3 : 1.

[**Ans.:** *(a) A—₹ 14,400; B—₹ 9,600 and C—₹ 6,000; (b) A—₹ 14,000; B—₹ 10,000 and C—₹ 6,000;*
(c) A—₹ 15,000; B—₹ 9,000 and C—₹ 6,000; (d) A—₹ 14,250; B—₹ 9,750 and C—₹ 6,000.]

18. Amar and Bimal are partners sharing profits equally. Their capitals as on 1st April, 2022 were ₹ 10,00,000 each. Partners are allowed interest on capital @ 5% p.a. Drawings of each partner were ₹ 1,00,000. Salary is to be allowed to Bimal @ ₹ 5,000 per month. Net Profit for the year ended 31st March, 2023 was ₹ 9,80,000. 10% of the net divisible profit is to be set aside to General Reserve.

Prepare Profit & Loss Appropriation Account for the year ended 31st March, 2023.

[**Ans.:** *Transfer to General Reserve—₹ 70,000 (10/110 × ₹ 7,70,000); Share of Profit—*
₹ 3,50,000 each of Amar and Bimal.]

19. Harry, Garry and Parry are partners sharing profits equally. Parry is guaranteed minimum annual profit of ₹ 1,00,000. Interest is allowed on capital @ 5% p.a., which is ₹ 30,000 for each partner. Net Profit for the year ended 31st March, 2023 is ₹ 5,40,000.

Prepare Profit & Loss Appropriation Account for the year.

[**Ans.:** *Share of Profit: Harry, Garry and Parry—₹ 1,50,000 each.*]

20. Prepare Capital Accounts of the partners Ajay and Sanjay from the following information, if their capitals are fluctuating:

	Ajay (₹)	*Sanjay (₹)*
Capitals on 1st April, 2022	4,00,000	3,00,000
Drawings during the year ended 31st March, 2023	50,000	30,000
Interest on Capital	5% p.a.	5% p.a.
Interest on Drawings	1,250	750
Share of Profit for the year ended 31st March, 2023	60,000	50,000
Partner's Salary	36,000	...
Commission	5,000	3,000

[**Ans.:** *Ajay's Capital A/c—₹ 4,69,750; Sanjay's Capital A/c—₹ 3,37,250.*]

21. Ram and Shyam are partners in a firm sharing profits in the ratio of 3 : 2. On 1st April, 2022, their fixed capitals were ₹ 3,00,000 and ₹ 2,50,000 respectively. On 1st October, they decided that their total capital (Fixed) should be ₹ 6,00,000 in their profit-sharing ratio. Accordingly, they introduced extra capital or withdrew excess capital. The Partnership Deed provided for the following:

(i) Interest on capital @ 12% p.a.
(ii) Interest on Drawings @ 18% p.a.
(iii) A monthly salary of ₹ 2,000 to Ram and a quarterly salary of ₹ 4,500 to Shyam.

The drawings of Ram and Shyam were as follows:

Particulars	Ram (₹)	Shyam (₹)
On 30th September, 2022	20,000	15,000
On 31st December, 2022	20,000	25,000

During the year ended 31st March, 2023, the firm earned a net profit of ₹ 1,50,000. 10% of this profit was to be transferred to General Reserve.

You are required to prepare:

(i) Profit & Loss Appropriation Account;
(ii) Partners' Capital Accounts, and Partners' Current Accounts.

[**Ans.:** *Profit transferred to General Reserve: ₹ 15,000.*

	Ram (₹)	*Shyam (₹)*
Salary	*24,000*	*18,000*
Interest on Capital	*39,600*	*29,400*
Interest on Drawings	*2,700*	*2,475*
Share of Profit	*17,505*	*11,670*
Balances: Capital Accounts	*3,60,000*	*2,40,000*
Current Accounts	*38,405*	*16,595*]

[**Hint:** Capital to be introduced by Ram: ₹ 60,000; Capital to be withdrawn by Shyam: ₹ 10,000.]

22. Capital Accounts of *A* and *B* stood at ₹ 4,00,000 and ₹ 3,00,000 respectively after necessary adjustments in respect of the drawings and the net profit for the year ended 31st March, 2023. It was subsequently noticed that 5% p.a. interest on capital and also drawings were not taken into account in arriving at the distributable profit. The drawings of the partners had been: *A*—₹ 12,000 drawn at the end of each quarter and *B*—₹ 18,000 drawn at the end of each half year.

The profit for the year as adjusted amounted to ₹ 2,00,000. The partners share profits in the ratio of 3 : 2.

You are required to pass Journal entries and show adjusted Capital Accounts of the partners.

[**Ans.:** *Partners' Capital Accounts: A—₹ 3,98,790; B—₹ 3,01,210; Capitals on 1.4.2022: (Opening Capital): A—₹ 3,28,000; B—₹ 2,56,000; Interest on Capital: A—₹ 16,400; B—₹ 12,800; Interest on Drawings: A—₹ 900; B—₹ 450.*]

[**Hints:** (i) For Interest on Capital: Dr. Profit & Loss Adjustment A/c by ₹ 29,200;
Cr. *A*'s Capital by A/c by ₹ 16,400 and *B*'s Capital A/c by ₹ 12,800.
(ii) For Interest on Drawings: Dr. *A*'s Capital A/c by ₹ 900 and *B*'s Capital A/c by ₹ 450;
Cr. Profit & Loss Adjustment A/c by ₹ 1,350.
(iii) Loss on Adjustment: Dr. *A*'s Capital A/c by ₹ 16,710 and *B*'s Capital A/c by ₹ 11,140;
Cr. Profit & Loss Adjustment A/c by ₹ 27,850.]

23. *A* and *B* are partners since 1st April, 2021, without a Partnership Deed and they introduced capitals of ₹ 35,000 and ₹ 20,000 respectively. On 1st October, 2021, *A* gave loan of ₹ 8,000 to the firm without any agreement as to interest. Profit & Loss Account for the year ended 31st March, 2022 shows profit of ₹ 15,000 but the partners cannot agree on payment of interest and on the basis of division of profit. You are required to divide the profits between them giving reasons for your method.

[**Ans.:** *A and B each gets ₹ 7,380 as profit and A gets ₹ 240 as interest on loan.*]

24. *P* and *Q* were partners in a firm sharing profits and losses equally. Their fixed capitals were ₹ 2,00,000 and ₹ 3,00,000 respectively. The Partnership Deed provided for interest on capital @ 12% per annum. For the year ended 31st March, 2016, profits of the firm were distributed without providing interest on capital.

Pass necessary adjustment entry to rectify the error. (*Outside Delhi 2017*)

[**Ans.:** *Debit P's Current A/c and Credit Q's Current A/c by ₹ 6,000.*]

Missing Value Questions

25. (Commission to Partners and Distribution of Profit). Mohan and Sohan are partners in a firm. Mohan gets a commission of 10% on the net profits before charging any commission and Sohan gets a commission of 10% on the net profits after charging all commissions.

Compute the missing values (?) from the following Profit & Loss Appropriation Account for the year ended 31st March, 2023:

Dr. PROFIT & LOSS APPROPRIATION ACCOUNT *for the year ended 31st March, 2023* *Cr.*

Particulars		₹	Particulars	₹
To Mohan's Commission A/c		1,65,000	By Profit & Loss A/c (Net Profit)	?
To Sohan's Commission A/c		?		
To Profit transferred to:				
Mohan's Capital A/c	?			
Sohan's Capital A/c	?	?		
		?		?

Solution:

PROFIT & LOSS APPROPRIATION ACCOUNT
Dr. *for the year ended 31st March, 2023* *Cr.*

Particulars		₹	Particulars	₹
To Mohan's Commission A/c		1,65,000	By Profit & Loss A/c (Net Profit) **(WN 1)**	**16,50,000**
To Sohan's Commission A/c **(WN 2)**		**1,35,000**		
To Profit transferred to:				
Mohan's Capital A/c	**6,75,000**			
Sohan's Capital A/c	**6,75,000**	**13,50,000**		
		16,50,000		**16,50,000**

Working Notes:

1. *Calculation of Profit before Charging any Commission:*
   Mohan's Commission 10% on the net profit before charging any commission = ₹ 1,65,000
   ∴ Net profit before charging any commission = ₹ 1,65,000 ×100/10 = ₹ 16,50,000.
2. *Calculation of* Sohan's *Commission:*
   Net Profit after charging Mohan's Commission = ₹ 16,50,000 – ₹ 1,65,000 = ₹ 14,85,000
   Sohan's Commission = ₹ 14,85,000 × 10/110 = ₹ 1,35,000.

26. (Distribution of Profit). Om and Shiv entered into partnership on 1st April, 2022. They do not have Partnership Deed. They contributed capitals of ₹ 10,00,000 and ₹ 6,00,000 respectively. On 31st October, 2022, Om advanced a loan of ₹ 4,00,000 to the firm without any agreement as to interest. Books are closed on 31st March every year.

Fill the missing information/values (?) in the following Accounts:

Dr. PROFIT & LOSS ACCOUNT *for the year ended 31st March, 2023* *Cr.*

Particulars	₹	Particulars	₹
To ?	?	By Net Profit	?
To Net Profit transf. to Profit & Loss Approp. A/c	8,50,000		
	?		?

Dr. PROFIT & LOSS APPROPRIATION ACCOUNT *for the year ended 31st March, 2023* *Cr.*

Particulars		₹	Particulars	₹
To Om's Capital A/c	?		By Profit & Loss A/c (Net Profit)	?
To Shiv's Capital A/c	?	?		
		?		?

Dr. PARTNERS' CAPITAL ACCOUNTS *Cr.*

Particulars	Om (₹)	Shiv (₹)	Particulars	Om (₹)	Shiv (₹)
To Balance *c/d*	?	?	By Bank A/c	?	?
			By Profit & Loss Approp. A/c	?	?
	?	?		?	?

Dr. OM'S LOAN ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Balance *c/d*	?	By ?	?
		By ?	?
	?		?

Solution:

Dr. PROFIT & LOSS ACCOUNT *for the year ended 31st March, 2023* *Cr.*

Particulars	₹	Particulars	₹
To **Interest on Om's Loan A/c**	**10,000**	By Net Profit	**8,60,000**
(₹ 4,00,000 × 5/12 × 6/100)			
To Net Profit transf. to Profit & Loss Approp. A/c	8,50,000		
	8,60,000		**8,60,000**

Dr. PROFIT & LOSS APPROPRIATION ACCOUNT *for the year ended 31st March, 2023* *Cr.*

Particulars		₹	Particulars	₹
To Om's Capital A/c **(Profit)**	**4,25,000**		By Profit & Loss A/c (Net Profit)	**8,50,000**
To Shiv's Capital A/c **(Profit)**	**4,25,000**	**8,50,000**		
		8,50,000		**8,50,000**

Dr. PARTNERS' CAPITAL ACCOUNTS *Cr.*

Particulars	Om (₹)	Shiv (₹)	Particulars	Om (₹)	Shiv (₹)
To Balance *c/d*	**14,25,000**	**10,25,000**	By Bank A/c **(Given)**	**10,00,000**	**6,00,000**
			By Profit & Loss Approp. A/c	**4,25,000**	**4,25,000**
	14,25,000	**10,25,000**		**14,25,000**	**10,25,000**

Dr. OM'S LOAN ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Balance *c/d*	**4,10,000**	By **Bank A/c (Given)**	**4,00,000**
		By **Interest on Om's Loan A/c**	**10,000**
	4,10,000		**4,10,000**

27. (Appropriation of Profit). Complete the following accounts:

Dr. PROFIT & LOSS APPROPRIATION ACCOUNT *for the year ended 31st March, 2023* *Cr.*

Particulars		₹	Particulars		₹
To Interest on Capital A/cs:			By Profit & Loss A/c (Net Profit)		10,86,250
A	50,000		By Interest on Drawings A/cs:		
B	55,000		*A*	16,125	
C	30,000	1,35,000	*B*	18,000	
To *A*'s Commission A/c (*A*'s Current A/c)		?	*C*	14,625	48,750
To *B*'s Salary A/c (*B*' Current A/c)		?			
To Profit transferred to:					
A's Current A/c	?				
B's Current A/c	?				
C's Current A/c	?	?			
		11,35,000			11,35,000

Dr. PARTNERS' CAPITAL ACCOUNTS *Cr.*

Particulars	*A* (₹)	*B* (₹)	*C* (₹)	Particulars	*A* (₹)	*B* (₹)	*C* (₹)
To Bank A/c		1,00,000		By Bank A/c	?	?	?
To Balance *c/d*	?	?	?	By Bank A/c	6,00,000		
	8,00,000	6,00,000	3,00,000		8,00,000	6,00,000	3,00,000

Dr. PARTNERS' CURRENT ACCOUNTS *Cr.*

Particulars	*A* (₹)	*B* (₹)	*C* (₹)	Particulars	*A* (₹)	*B* (₹)	*C* (₹)
To Drawings A/c	50,000	80,000	90,000	By Interest on			
To Drawings A/c	90,000	80,000	30,000	Capital A/c	?	?	?
To Drawings A/c	1,00,000	80,000	60,000	By *A's* Commission A/c	2,00,000		
To Interest on				By *B's* Salary A/c		3,00,000	
Drawings A/c	?	?	?	By Profit & Loss			
To Balance *c/d*	1,93,875	2,97,000		App. A/c (Profit)	2,00,000	2,00,000	1,00,000
				By Balance *c/d*			64,625
	4,50,000	5,55,000	1,94,625		4,50,000	5,55,000	1,94,625

Solution:

PROFIT & LOSS APPROPRIATION ACCOUNT
for the year ended 31st March, 2023

Dr. *Cr.*

Particulars		₹	Particulars		₹
To Interest on Capital A/cs:			By Profit & Loss A/c (Net Profit)		10,86,250
A	50,000		By Interest on Drawings A/cs:		
B	55,000		*A*	16,125	
C	30,000	1,35,000	*B*	18,000	
To *A's* Commission A/c (*A's* Current A/c)		**2,00,000**	*C*	14,625	48,750
To *B's* Salary A/c (*B's* Current A/c)		**3,00,000**			
To Profit transferred to:					
A's Current A/c	**2,00,000**				
B's Current A/c	**2,00,000**				
C's Current A/c	**1,00,000**	**5,00,000**			
		11,35,000			11,35,000

Dr. PARTNERS' CAPITAL ACCOUNTS *Cr.*

Particulars	*A* (₹)	*B* (₹)	*C* (₹)	Particulars	*A* (₹)	*B* (₹)	*C* (₹)
To Bank A/c		1,00,000		By Bank A/c	**2,00,000**	**6,00,000**	**3,00,000**
To Balance *c/d*	**8,00,000**	**5,00,000**	**3,00,000**	By Bank A/c	6,00,000		
	8,00,000	6,00,000	3,00,000		8,00,000	6,00,000	3,00,000

Dr. PARTNERS' CURRENT ACCOUNTS *Cr.*

Particulars	*A* (₹)	*B* (₹)	*C* (₹)	Particulars	*A* (₹)	*B* (₹)	*C* (₹)
To Drawings A/c	50,000	80,000	90,000	By Interest on			
To Drawings A/c	90,000	80,000	30,000	Capital A/c	**50,000**	**55,000**	**30,000**
To Drawings A/c	1,00,000	80,000	60,000	By *A's* Commission A/c	2,00,000		
To Interest on				By *B's* Salary A/c		3,00,000	
Drawings A/c	**16,125**	**18,000**	**14,625**	By P and L App. A/c	2,00,000	2,00,000	1,00,000
To Balance *c/d*	1,93,875	2,97,000		(Profit)			
				By Balance *c/d*			64,625
	4,50,000	5,55,000	1,94,625		4,50,000	5,55,000	1,94,625